

Services Division

Committee on China

Committee Minutes - 184th Meeting - 4 December 1958

D/S Representatives: [REDACTED]

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Guests: [REDACTED]

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1. The 1958 plan for the production of crude oil in Communist China was reported to have been completed on 4 October, 88 days ahead of schedule. Earlier in February, the Chinese Communists announced a modest production goal of 1.55 million tons of petroleum for 1958, which subsequently was raised to 1.66 million tons in March 1958.

COMMENT: It is not known to which target the completion claim refers. In either case, production this year should be about 2 million tons (the original First Five Year Plan goal) and should approximate recent claims of a 50 percent increase over last year's production of 1.46 million tons of crude oil.

2. According to a recent announcement by the Chinese Communists, construction of the natural crude oil refinery in Nanking was scheduled to start in November 1958. The reported annual capacity of the first phase of construction will be 1 million tons.

COMMENT: This would be the same capacity as the Lan-chou refinery which was completed recently. Since the construction time of the Lan-chou refinery was approximately two years, it is possible that construction of the first phase at Nanking can be completed by 1960.

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3. According to Communist Chinese press announcements, the production of coal had reached a total of 221 million tons by the end of October. Production from the big mines (the Chinese are now dividing coal mines into categories of big mines and small mines) increased from 9 million tons in January to 18.5 million tons in October, while production from small mines increased from 3 million tons in January to about 9 million tons in September. In the first 20 days of October the small mines produced about 8 million tons, but in the last 11 days of the month alone they produced nearly 43.5 million tons.

COMMENT: The announced total of 221 million tons exceeds the most ambitious of the various "leap-forward" goals for the year by 11 million tons.

The method of utilizing mass labor in a sporadic manner makes suspect the accuracy of the production figures reported. The quantity of coal mined will be enough to satisfy all requirements but it is doubtful if they will be able to move it to industrial consumers in time to avert all shortages.

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4. On 26 November tracklaying was reported completed to Foochow on the Nan-p'ing-Foochow line, 35 days ahead of schedule. It has been announced also that facilities along the Ying-t'an-Amoy line are being expanded to handle additional traffic.

COMMENT: With the completion of the Nan-p'ing-Foochow line the two main ports of Fukien Province, Foochow and Amoy, are connected by rail with the rest of China. Since the northern section of the line from Nan-p'ing to O-yang was opened to traffic earlier in the year, nearly 400,000 tons of cargo and more than 180,000 passengers have been transported. Present facilities on the Ying-t'an-Amoy line are reportedly inadequate for the large quantities of raw materials to be shipped out of Fukien, and the manufactured goods being shipped into the province.

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5. On 3 December it was announced by the Chinese Communists that track was being laid on the last 37 kilometers of the Lu-yun-Kuei-yang section of the Kweichow-Kwangsi railroad.

COMMENT: This line was constructed over extremely rugged terrain requiring more than 20 tunnels. Begun in 1956, it was originally scheduled for construction after 1958 but was moved forward in the Chinese Communist timetable. It is strategically and economically important because it will connect the southwest border area (Lai-pin-Mu-nan-Kuan line) and the port of Fort Bayard (Li-t'ang-Fort Bayard line) with Chungking by way of the Kuei-yang-Kanshui-ch'ang line which is scheduled for completion next year. In addition it is a section of the new 3,000 kilometer east-west Fukien-Yunnan line now under construction which will link East China with South and Central China.

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Agenda: Annual Christmas Luncheon; Thursday, 18 December, 1200 hours; Peking Restaurant, 711 13th St., N.W.; \$2.75 per person. ~~Reservations~~ will close at 1700 hours on Monday, 15 December.

The next regular meeting will be on Thursday, 8 January 1959, at 1400, Room 1125 M. Current items will be discussed.

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ORR/S/CST: [REDACTED] /pnb/2821 (8December1958)

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